

Message Text

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44

ACTION EB-07

INFO OCT-01 ARA-06 EUR-12 IO-10 ISO-00 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05

L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

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FM USMISSION GENEVA

TO SECSTATE WASHDC 3602

INFO AMEMBASSY BONN

AMEMBASSY BRAZILIA

AMEMBASSY LONDON

AMEMBASSY MEXICO

AMEMBASSY PARIS

AMEMBASSY STOCKHOLM

USMISSION EC BRUSSELS

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EO 11652: N/A

TAGS: GATT, ETRD

SUBJ: TEXTILES SURVEILLANCE BODY - SESSION JUNE 4-6

1. SUMMARY. THIS SESSION DEVOTED TO: A) CONSIDERATION OF SWEDEN-MEXICO DISPUTE; B) REVIEW OF SWEDISH BILATERALS; C) REVIEW OF EC-BRAZIL BILATERAL AND, D) REVIEW OF U.S. BILATERALS WITH MEXICO, PAKISTAN AND MACAO, AND AMENDMENT U.S.-THAILAND AGREEMENT.

2. BODY BEGAN DISCUSSION SWEDEN-MEXICO DISPUTE REFERRED TO BODY BY SWEDEN. CASE IS UNIQUE IN THAT IT RESULTS FROM INABILITY NEGOTIATIONS REACH AGREEMENT UNDER ART. 3 ON LEVEL RESTRAINT EXPORTS OF JEANS FROM MEXICO TO SWEDEN.

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WHEN NEGOTIATIONS BROKE DOWN, SWEDEN CHOSE REFER MATTER TO

TSB RATHER THAN TAKING UNILATERAL ACTION. HEART OF SWEDISH CASE IS CONTENTION THAT MARKET DISRUPTION IN TERMS ANNEX A EXISTS; THAT THIS FACT RECOGNIZED IN OTHER SWEDISH BILATERALS WHICH RESTRAIN JEANS. SWEDISH REPS, AFTER DAY OF PRESENTATION AND QUESTIONING BY TXB REPS CENTERING ON MARKET DISRUPTION QUESTION, FAILED CONVINCE MOST TSB REPS (INCLUDING US REP) THAT SWEDEN HAD A CASE FOR MARKET DISRUPTION. IF PRICE DATA SUBMITTED BY SWEDES ARE CORRECT THERE COULD BE A PRESUMPTION OF DUMPING. MEXICO WILL SEND DELEGATION FROM MEXICO CITY TO APPEAR BEFORE SPECIAL SESSION OF TSB JUNE 13. TSB, OF COURSE, WILL NOT BEGIN TO CONSIDER RECOMMENDATIONS UNTIL MEXICAN PRESENTATION IS HEARD. US REP EXPECTS THAT PROBLEM IS WITH THE "NUMBER" AND NOT THE PRINCIPLE. SINCE TSB, FOR OBVIOUS REASONS, CANNOT GET INVOLVED IN A "NUMBERS" DISPUTE BETWEEN PARTICIPANTS, PROBABLE RECOMMENDATION WILL BE FOR PARTIES TO RESUME NEGOTIATIONS UNDER ART. 4 WHERE MARKET DISRUPTION QUESTION IS LESS ACUTE AND WHERE NUMBER HAS TO BE HIGHER.

3. TSB ATTEMPTED CONTINUE REVIEW OF SWEDISH BILATERALS WITH PAKISTAN (ART. 3) INDIA (ART. 4), MALAYSIA (ART. 4) AND SINGAPORE (ART. 4) BUT, IN FACE MOUNTING TSB CRITICISM THESE AGREEMENTS, IT BECAME CLEAR THAT FURTHER DISCUSSION COULD PREJUDICE SWEDISH CASE IN MEXICO DISPUTE AND, THEREFORE, FURTHER DISCUSSION WAS POSTPONED UNTIL CONCLUSION MEXICAN CASE. U.S. REP IS OF OPINION THAT DISCUSSION THESE BILATERALS HAS ALREADY PREJUDICED SWEDEN-MEXICO CASE, AS CONSENSUS IN BODY IS THAT SWEDEN PAYING SCANT ATTENTION TO REQUIREMENTS AND PROVISIONS OF BOTH ART. 3 AND ART. 4 IN NEGOTIATIONS. PROBLEM FOR TSB IS DELICATE ONE IN THAT A WAY MUST BE FOUND FOR SWEDEN RECOGNIZE AND MEET ITS MFA OBLIGATIONS WHILE AT SAME TIME NOT DRIVING SWEDEN (AND SCANS) OUT OF MFA. BASIC PROBLEM IS THAT SWEDISH GOVERNMENT STILL LEANING ON ART. 1, PARA 2, DESPITE STRONG TSB ADMONITIONS TO CONTRARY.

4. EC NOTIFIED FOR REVIEW A BILATERAL AGREEMENT WITH BRAZIL UNDER ART. 3. AGREEMENT REFERS TO EXPORTS OF GREY AND BLEACHED COTTON CLOTH (WHOLE RANGE) EXPORTED LIMITED OFFICIAL USE

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FROM BRAZIL TO GERMANY. BRAZIL AGREED TO A (ONE-YEAR) LIMITATION ON SUCH EXPORTS TO GERMANY TO AMOUNTS ALREADY DISCUSSED BY GERMANY BETWEEN JAN 1 AND MAY 1 THIS YEAR. THE ARRANGEMENT WILL BE SUPERCEDED BY AN ART. 4 BILATERAL TO BE NEGOTIATED IN SEPTEMBER. BRAZIL, IN AGREEING TO IMPOSITION OF RESTRAINT, MADE CLEAR IT DID NOT ACCEPT EC'S CONTENTION THAT MARKET DISRUPTION EXISTED IN GERMANY. FURTHER, THE AMOUNT OF IMPORTS

LICENSED BY FRG UP TO MAY 1 (GERMAN IMPORT LICENSES
ONCE ISSUED ARE IRREVOCABLE UNDER GERMAN LAW) IS ABOUT
300 PERCENT OVER 1974 SHIPMENTS AND, POTENTIALLY, COULD REACH
100,000,000 SQ YRD. IN THE AGREEMENT PERIOD. TSB IS
CONTINUING DISCUSSION NOTIFICATION ON GROUNDS THAT MARKET
DISRUPTION CRITERIA IN ART. 3 NOT ONLY NOT PROVEN BUT
DISPUTED BY OTHER PARTY. EC'S ART. 2 NOTIFICATION CAME
UNDER DISCUSSION FOR THIRD TIME AND AGAIN MORE QUESTIONS
THAN ANSWERS WERE PRODUCED. FULL REPORT ON STATUS EC'S
ART. 2 NOTIFICATION BEFORE TSB WILL BE REPORTED SEPARATELY.

5. TSB CONSIDERED U.S. BILATERALS (SEE SUMMARY ABOVE).
ASIDE FROM ONE OR TWO TECHNICAL QUESTIONS WHICH U.S. REPRESENTATION
ALL MEMBERS OF TSB (EXCEPT EC REP) FOUND
AGREEMENTS CONSONANT WITH PROVISIONS OF MFA AND APPROVED
TRANSMITTAL TO TC. EC REP, HOWEVER, STATED THAT HIS
AUTHORITIES IN BRUSSELS HAD NOT HAD TIME TO "DIGEST
THE TEXTS BEFORE THIS SESSION" BUT WOULD HAVE SOME
QUESTIONS THE NEXT SESSION. CHAIRMAN WURTH, SOMEWHAT
NETTLED BY THIS STATEMENT, AGAIN REMARKED UPON THE
GLACIAL SPEED WITH WHICH THE EC DISCHARGED ITS OBLIGATIONS
IN GENERAL AND TO THE TSB IN PARTICULAR. U.S. REP
ANTICIPATES NO PROBLEMS ARISING FROM EC "QUESTIONS."
DALE

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